

## Coins

# The dangers in buying collectables

By Roger Boye

AN UNCIRCULATED 1899-P half dollar sold for \$375 in a Chicago area coin shop last month, three times the selling price in early 1973. [The reverse of this "Barber series" coin is pictured.]

This example typifies the increasing prices for rare coins, increases that have been described in two studies published recently. But despite these price gains, the potential investor should beware of dangers in buying rare coins.

According to one of the two studies, rare coin prices climbed at least 115 per cent last year, based on 1974 auction prices compared to 1973 auction prices.

The Pick's World Currency

Report said at least five other collectables increased at an even faster rate, based on 1974 auctions: American furniture [up 215 per cent]; vintage photography [up 200 per cent]; firearms [up 195 per cent]; and *art nouveau* and wartime decorations [both up 155 per cent]. Rare stamps climbed about 55 per cent.

Some investments declined in value in 1974 compared to 1973 prices, the report said, including diamonds [off 2 to 4 per cent] and United States securities [down 24 to 28 per cent].

The World Currency Report has been published monthly since 1945 by Franz Pick [21 West St., New York, N. Y. 10006]. Pick, 75, has been described in na-

tional media as a "fire breathing dragon" and "one of America's most noted 'gold bugs.'"

The other study shows that with few exceptions, rare coins have increased steadily in price.

The third printing of Q. David Bowers' "High Profits from Rare Coin Investment" compares current "retail" prices listed in the 1975 edition of R. S. Yeoman's "Red Book" with prices from editions starting in 1948. [Prices in Yeoman's highly regarded guidebook are averaged from data supplied by contributors.]

Some coins [all in uncirculated condition] that have shown outstanding appreciation from 1948 to the present include an 1854 large cent,

from \$4 to \$125; 1859 Indian cent, \$5.50 to \$350; 1865 two-cent piece, \$1 to \$100; 1852 silver three-cent piece, \$3.50 to \$115; 1795 half dime, \$45 to \$1,700; and 1875-S 20-cent piece, \$6 to \$475.

Bowers says that investment in rare coins as a whole has sharply outpaced the Dow-Jones Industrial Average.

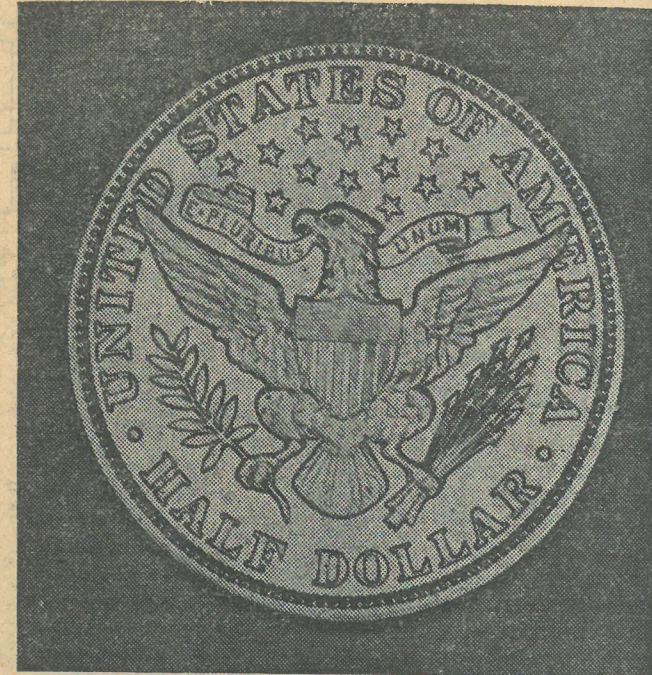
But as Bowers and others have often noted, coin investors must have knowledge of the market and of the coins themselves. If a person does not have the time to gain the expertise, then he should at least deal with a reputable dealer.

In addition to lack of knowledge, other problems involved with investing in coins include:

- overcoming the dealer profit margin [dealers sell most coins for 30 per cent or more than the price they paid for them];

- inconsistent grading of coins [an 1899-P half dollar in "about uncirculated" condition sells for half the price of the uncirculated specimen. The investor must be able to tell the difference.];

- few coin investments in-



Reverse of a Barber half dollar

crease in value overnight. The price appreciations cited from the Bowers' book took 27 years. And, of course, the coins aren't earning an annual dividend payment or interest while they are in a safety deposit box.

It should also be noted that based on past experience, the largest price increases [both in percentage and in dollars] have been for coins in uncirculated condition. Circulated coins are worth much less than uncirculated specimens. For example, in good condition, the 1899-P half dollar sells for \$3.50.

For another example, many readers ask the value of worn Indian head cents dated in the early 1900s. These are the most common date Indian head cents.

The average dealer selling price of a 1902, for example, is 60 cents in good condition, according to Yeoman's 1975 "Red Book." This is up from the 35 cents price listed in the 1973 edition. But in uncirculated condition, this coin is listed as selling for \$22.50 in 1975, up from \$9.25 in 1973.

Many coin collectors and economists object to talk of investing in coins. To be sure, it is a risky business.

"True" numismatists would say coins should be collected for pleasure, and to gain knowledge of their beauty and history, not so much as an investment.

Some economists, such as The Tribune's Eliot Janeway, have advised against "freezing investment earning power in coins [that] will sacrifice income." To this kind of advice, knowledgeable coin investors who have netted handsome profits the last few years chuckle all the way to the bank.